

2001 Tax on Accumulation Distribution of Trusts

5870A

Attach to beneficiary's tax return.

Name(s) as shown on your return

Social security number

Name and address of trust

Federal employer identification no. (FEIN)

PMB no.

Beneficiary's date of birth

Month

Day

Year

Enter number of trusts from which you received
accumulation distributions in this tax year**Part I Tax on Accumulation Distribution under IRC Section 667.****Section A — Average Income and Determination of Computation Years**

- 1 Amount of current distribution that is considered distributed in earlier years from Schedule J (541), line 30, column (a) ..
- 2 Distributions of income accumulated before you were born or reached age 21
- 3 Subtract line 2 from line 1
- 4 Taxes imposed on the trust on amounts from line 3 from Schedule J (541), line 30, column (b)
- 5 Total. Add line 3 and line 4
- 6 Tax-exempt interest included on line 5 from Schedule J (541), line 30, column (c)
- 7 Taxable part of line 5. Subtract line 6 from line 5
- 8 Number of trust's earlier years in which amounts on line 7 are considered distributed
- 9 Average annual amount considered distributed. Divide line 3 by line 8
- 10 Multiply line 9 by 25% (.25)
- 11 Number of trust's earlier tax years to be taken into account. See instructions
- 12 Average amount for recomputing tax. Divide line 7 by line 11. Enter here and in each column on line 15 below
- 13 Enter your taxable income before this distribution for the 5 immediately preceding years:

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

	2000	1999	1998	1997	1996
13					

Section B — Tax Attributable to the Accumulation Distribution

	(a) Year_____	(b) Year_____	(c) Year_____
14 Enter the amounts and the years from line 13, eliminating the highest and lowest taxable income years	14		
15 Enter amount from line 12 in each column	15		
16 Recomputed taxable income. Add line 14 and line 15	16		
17 Tax on amounts on line 16	17		
18 Tax before credits on line 14 income	18		
19 Additional tax before credits. Subtract line 18 from line 17	19		
20 Tax credit adjustment. Attach schedule	20		
21 Subtract line 20 from line 19. See instructions	21		
22 Alternative minimum tax adjustments	22		
23 Combine line 21 and line 22	23		
24 Add column (a), column (b), and column (c) of line 23	24		
25 Divide the amount on line 24 by 3	25		
26 Multiply the amount on line 25 by the number of years on line 11	26		
27 Enter the amount from line 4	27		
28 Partial tax attributable to the accumulation distribution. Subtract line 27 from line 26. If zero or less, enter -0-. See instructions	28		

Part II Tax on Distributions of previously untaxed trust income under R&TC Section 17745 (b) and (d):

- If the income was accumulated over a period of 5 years or more, complete Section A.
- If the income was accumulated over a period of 4 years or less, complete Section B.

Section A — See instructions.

- 1 Income accumulated over 5 years or more 1 _____
- 2 Divide line 1 by 6. Enter here and on Schedule CA (540 or 540NR), line 21f, column C 2 _____

	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) 1996
3 Were you a resident or part-year resident? Enter "Yes" or "No" for each year (Answer "No" for nonresident years.)	3				
4 Enter your taxable income before this distribution for the 5 immediately preceding years	4				
5 Enter the amount from line 2 in column (a) through column (e)	5				
6 Recomputed taxable income. Add line 4 and line 5	6				
7 Tax on amounts on line 6	7				
8 Tax before credits on line 4 income	8				
9 Additional tax before credits. Subtract line 8 from line 7	9				
10 Tax credit adjustment. Attach schedule	10				
11 Subtract line 10 from line 9. See instructions	11				
12 Alternative minimum tax adjustments	12				
13 Add line 11 and line 12	13				
14 Add line 13, column (a) through column (e) for all years that you entered "Yes" on line 3. Enter here and on Form 540, line 23; Long Form 540NR, line 26; or Form 541, line 21b. See instructions				14	

Section B — See instructions.

- 1 Income accumulated over 4 years or less 1 _____
- 2 Averaging factor:
- a Enter the number of years the trust accumulated the amount on line 1 2a _____
- b Distribution year 2b 1
- 3 Add line 2a and line 2b 3 _____
- 4 Divide line 1 by line 3. Enter here and on Schedule CA (540 or 540NR), line 21f, column C 4 _____

	(a) 2000	(b) 1999	(c) 1998	(d) 1997
5 Were you a resident or part-year resident? Enter "Yes" or "No" for each year (Answer "No" for nonresident years.)	5			
6 Enter your taxable income before this distribution for the number of preceding years entered on line 2a. See instructions	6			
7 Enter the amount from line 4 in column (a) through column (d)	7			
8 Recomputed taxable income. Add line 6 and line 7	8			
9 Tax on amounts on line 8	9			
10 Tax before credits on line 6 income	10			
11 Additional tax before credits. Subtract line 10 from line 9	11			
12 Tax credit adjustment. Attach schedule	12			
13 Subtract line 12 from line 11. See instructions	13			
14 Alternative minimum tax adjustments	14			
15 Add line 13 and line 14	15			
16 Add line 15, column (a) through column (d) for all years that you entered "Yes" on line 5. Enter here and on Form 540, line 23; Long Form 540NR, line 26; or Form 541, line 21b. See instructions				16

Instructions for Form FTB 5870A

Tax on Accumulation Distribution of Trusts

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and to the California Revenue & Taxation Code (R&TC).

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). California has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (Public Law 106-519), the Consolidated Appropriations Act of 2001 (Public Law 106-554), and the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16).

If you received an accumulation distribution from a foreign trust, use federal Form 4970, Tax on Accumulation Distribution of Trusts, as a worksheet. The partial tax from an accumulation distribution of a foreign trust computed on federal Form 4970 is reported on federal Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. California does not conform to the federal provision relating to information returns required for foreign trusts with United States beneficiaries (IRC Section 6048 (c)). Report the accumulation distributions from foreign trusts and from certain domestic trusts (see IRC Section 665 (c)) on this form, and attach it to your return.

California tax law conforms to provisions of the Taxpayer Relief Act of 1997 that repealed the throwback rules for distributions made by certain domestic trusts in tax years beginning on or after January 1, 1998.

Note: Although California conforms to the federal provision repealing the throwback rules, California may still apply R&TC Section 17745(b). This provision states that if the trust did not pay tax on current or accumulated income of the trust because the resident beneficiary's interest in the trust was contingent, this income will be taxable when it is distributed or distributable to the beneficiary. See the instructions for Form 541 for more information.

Purpose

Use form FTB 5870A to figure the additional tax under IRC Section 667 or R&TC Sections 17745(b) and (d) on an accumulation distribution made by a foreign trust and certain domestic trusts in the current year.

If you were a noncontingent beneficiary and you received Schedule J (541), Trust Allocation of an Accumulation Distribution, and the trust filed Form 541, California Fiduciary Income Tax Return, and paid the tax, compute your additional tax under the provisions of IRC Section 667. Complete Part I of form FTB 5870A to determine the amount of the tax due.

If you were a contingent beneficiary and you did not receive Schedule J (541) because the trust was not required to file Form 541, compute your additional tax under the provisions of R&TC Sections 17745(b) and (d). Complete Part II, Section A or

Section B, of form FTB 5870A to determine the amount of additional tax due.

Do not use form FTB 5870A if you were a non-contingent beneficiary and you received an accumulation distribution, but you did not receive Schedule J (541) because the trust did not file Form 541 or pay the required California tax due. The entire trust accumulation income is taxable in the year that you receive the distribution, and should be reported on Schedule CA (540), California Adjustments – Residents, or Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents, line 21f, column C. See R&TC Section 17745(a).

California does not follow the federal rules for:

- Generation-skipping transfer tax imposed by IRC Section 2601; and
- The tax relating to estates imposed by IRC Section 2001 or Section 2101.

Except as explained above, use the instructions for federal Form 4970 to compute the partial tax.

Nonresidents or part-year residents in preceding 5 years: For any year you were a nonresident or part-year resident in the accumulation years listed in Part I, Section B, skip line 14 through line 22. Complete Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return up to line 46, total tax. Make your adjustments on the accumulation years listed, eliminating the highest and lowest taxable income years. Include in the total adjusted gross income for Long Form 540NR the amount from form FTB 5870A, Part I, line 12, plus all other income of the beneficiary as if the beneficiary was a California resident for the entire year.

If you were a California resident at the trust's year end, include the amount from form FTB 5870A, Part I, line 12, in California adjusted gross income on the Long Form 540NR, line 25. If you were a nonresident at the trust's year end, include the California source income amount from form FTB 5870A, Part I, line 12 in California adjusted gross income on Long Form 540NR, line 25. You may need to contact the trust for additional information regarding sourced income. In either instance, include all other income of the beneficiary from periods of California residency and all other California source income from periods of nonresidency.

Enter the amount from Long Form 540NR, line 46 on form FTB 5870A, line 23. Follow the instructions for completing the rest of form FTB 5870A.

Specific Line Instructions

Part I

Line 1 – Enter the amount distributed in the current year that represents the undistributed net income of a trust considered to have been distributed in earlier years.

Line 2 – Enter any amount on line 1 that represents undistributed net income (UNI) of a trust considered to have been accumulated before you were born or reached age 21. However, if the multiple trust rule applies, see the instructions for line 4.

Line 4 – Except as noted below under "Special Rule for Multiple Trusts," enter on line 4 the California taxes (not including any alternative minimum tax) charged for any earlier year on the trust income that

are attributable (under IRC Sections 666(b) and (c)) to the net income reported on line 3.

Special Rule for Multiple Trusts. If you received accumulation distributions from two or more other trusts that were considered to have been made in any of the earlier tax years from which the current accumulation distribution is considered to have been made, do not include on line 4 the taxes attributable to the current accumulation distribution considered to have been distributed in the same earlier tax year(s).

This special rule applies only to those trusts with accumulation distributions (including earlier accumulation distributions that are considered under IRC Section 666(a) to have been distributed in the same earlier year) that total \$1,000 or more.

Line 8 – You can determine the number of years which the UNI is deemed to have been distributed by counting the throwback years for which there are entries on line 26 through line 29 of Part IV of Schedule J (Form 541). These throwback rules apply even if you would not have been entitled to receive a distribution in the earlier tax year if the distribution had actually been made then.

Note: There can be more than four throwback years.

Line 11 – From the number of years entered on line 8, subtract any year in which the distribution from column (a), Part IV of Schedule J (Form 541) is less than the amount on line 10 of form FTB 5870A. If the distribution for each throwback year is more than line 10, then enter the same number on line 11 as you entered on line 8.

Line 13 – Enter your taxable income for years 1996 through 2000, even if the trust had accumulated income less than five years after the beneficiary became 21 years old. Use the taxable income as originally reported, amended, or as changed by the Franchise Tax Board (FTB). Include in the taxable income, amounts considered distributed as a result of prior accumulation distributions whether from the same or another trust, and whether made in an earlier year or the current year.

For years 1996 through 2000, enter the amount of your taxable income, but not less than zero.

Line 17 – Compute the tax (not including any alternative minimum tax) on the income on line 16 using the tax rates in effect for the earlier year shown in each of the three columns. Use the California tax tables included in the personal income tax booklets for prior years.

You can download, view, and print California tax forms and publications. Go to our Website at: www.ftb.ca.gov

You can also order California tax booklets, forms, and publications over the telephone. Call FTB's automated phone service at (800) 338-0505 (within the United States) or (916) 845-6600 (from outside the United States [not toll-free]), select personal income tax information, then forms request, and follow the recorded instructions.

Line 18 – Enter your tax (not including any alternative minimum tax) as originally reported, amended, or as changed by the FTB before reduction for any credits for the particular earlier year shown in each of the three columns.

Line 20 – Include on line 20 only the net change in nonrefundable credits, such as exemption credit,

etc. For example, to the extent the tax on line 18 is less than the allowable exemption credit, only the excess exemption credit is to be included on line 20.

Line 21 – If the net change results in a decrease in allowable credits, add line 20 and line 19.

Line 22 – Complete and attach a separate Schedule P (100, 100W, 540, 540NR, or 541) to recompute the alternative minimum tax for each earlier year and show any change to those taxes in the bottom margin of the form. Enter the adjustment on line 22.

Line 28 – Individuals – Enter the amount from line 28 on Form 540, line 23 or Long Form 540NR, line 26. Fill in the circle labeled “FTB 5870A.”

Estates and trusts – Include the amount from line 28 on Form 541, line 21b. Write “FTB 5870A” on that line.

Other filers – Add the amount on line 28 to the total tax liability before credits on your tax return for the year of the accumulation distribution. Attach form FTB 5870A to the back of your return.

Part II

If you were a contingent beneficiary and the trust was not required to file Form 541 because your interest was contingent, you will not receive a Schedule J (541). Therefore, you must contact the trustee to get information you need to complete form FTB 5870A. The trustee must provide the:

- Total number of years that the trust income was accumulated; and
- Total amount of the accumulation distribution.

If the total number of years that the trust income was accumulated is 5 or more, complete Section A to determine your tax due.

If the total number of years that the trust income was accumulated is 4 or less, complete Section B to determine your tax due.

Section A

Complete this section to compute your additional tax due on a trust distribution accumulated over a period of 5 years or more. If the accumulation period was 4 years or less, skip this section and complete Section B.

Line 1 – Enter the amount of your accumulation distribution.

Line 2 – Enter the amount from line 2 on Schedule CA (540 or 540NR), line 21f, column C. This is the amount to be included in the current year. The balance of this schedule will be used to compute the tax on the portion of the distribution attributable to prior years.

Line 3 – Enter “Yes” in each column for the years that you were either a California resident or part-year resident. Enter “No” for the years that you were a nonresident.

Line 4 – Enter your taxable income from years 1996 through 2000. Use the taxable income as originally reported, amended, or as changed by the FTB.

Line 7 – Compute the tax (not including any alternative minimum tax) on the income on line 6 using the tax rates in effect for the earlier year shown in each of the five columns. Use the California tax tables included in the personal income tax booklets for prior years.

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automated toll-free phone service at (800) 338-0505 (within the United States) or (916) 845-6600 (from outside the United States [not toll-free]), select personal income tax information, then tax forms request, and follow the recorded instructions.

Line 8 – Enter your tax (not including any alternative minimum tax) as originally reported, amended, or as changed by the FTB before reduction for any credits for the particular earlier year shown in each of the five columns.

Line 10 – Include on line 10 only the net change in nonrefundable credits, such as exemption credit, etc. For example, to the extent the tax on line 8 is less than the allowable exemption credit, only the excess exemption credit is included on line 10.

Line 11 – If the net change results in a decrease in allowable credits, add line 9 and line 10.

Line 12 – Complete and attach a separate Schedule P (100, 100W, 540, 540NR, or 541) to recompute the alternative minimum tax for each earlier year and show any change in those taxes in the bottom margin of the forms. Enter the adjustments on line 12.

Line 14 – Add line 13, column (a) through column (e) for all years that you entered “Yes” on line 3. Do not include any amounts for any year that you entered “No.”

Individuals – Enter the amount from line 14 on Form 540, line 23 or Long Form 540NR, line 26. Fill in the circle labeled “FTB 5870A.”

Estates and trusts – Enter the amount from line 14 on Form 541, line 21b. Write “FTB 5870A” on that line.

Other filers – Add the amount on line 14 to the total tax liability before credits on your tax return for the year of the accumulation distribution. Attach form FTB 5870A to the back of your return.

Section B

Complete this section to compute your additional tax due on a trust distribution accumulated over a period of 4 years or less. If the accumulation period was 5 years or more, do not complete this section. Complete Section A.

Complete the entries for all columns corresponding to the number of years entered on line 2a. If the number entered on line 2a was:

- 1 – Complete only column (a).
- 2 – Complete only column (a) and column (b).
- 3 – Complete only column (a) through column (c).
- 4 – Complete all columns.

Line 1 – Enter the amount of your accumulation distribution.

Line 2a – Do not enter a number more than 4. If the total accumulation years is more than 4, do not complete this section. Go to Section A.

Line 4 – Enter the amount from line 4 on Schedule CA (540 or 540NR), line 21f, column C. This is the amount to be included in the current year. The balance of this schedule will be used to compute the tax on the portion of the distribution attributable to prior years.

Line 5 – Enter “Yes” in each column for the years that you were either a California resident or part-year resident. Enter “No” for the years that you were a nonresident.

Line 6 – Enter your taxable income from years 1997 through 2000. Use the taxable income as originally reported, amended, or as changed by the FTB.

Line 9 – Compute the tax (not including any alternative minimum tax) on the income on line 8 using the tax rates in effect for the earlier year shown in each of the four columns. See Part II, Section A, line 7 instructions.

Line 10 – Enter your tax (not including any alternative minimum tax) as originally reported, amended, or as changed by the FTB before reduction for any credits for the particular earlier year shown in each of the four columns.

Line 12 – Include on line 12 only the net change in nonrefundable credits such as exemption credit, etc. For example, to the extent the tax on line 10 is less than the allowable exemption credit, only the excess exemption credit is included on line 12.

Line 13 – If the net change results in a decrease in allowable credits, add line 11 and line 12.

Line 14 – Complete and attach a separate Schedule P (100, 100W, 540, 540NR, or 541) to recompute the alternative minimum tax for each earlier year and show any change in those taxes in the bottom margin of the form. Enter the adjustment on line 14.

Line 16 – Add line 15, column (a) through column (d), for all years that you entered “Yes” on line 5. Do not include any amounts for any year that you entered “No.”

Individuals – Enter the amount from line 16 on Form 540, line 23 or Long Form 540NR, line 26. Fill in the circle labeled “FTB 5870A.”

Estates and trusts – Enter the amount from line 16 on Form 541, line 21b. Write “FTB 5870A” on that line.

Other filers – Add the amount on line 16 to the total tax liability before credits on your tax return for the year of the accumulation distribution. Attach form FTB 5870A to the back of your return.

General Toll-Free Phone Service

Our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.
- Saturdays, 8 a.m. until 5 p.m.

Note: We may modify these hours without notice to meet operational needs.

From within the United States . . . (800) 852-5711
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Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments call:

From voice phone (800) 735-2922
(California Relay Service)
From TTY/TDD (800) 822-6268
(Direct line to our customer service)

For all other assistance or special accommodations, call (800) 852-5711.

Asistencia bilingüe en español

Para obtener servicios en español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.